

## Message Text

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C O N F I D E N T I A L USNATO 4138

E.O. 11652: GDS

TAGS: EFIN, MCAP, MARR, NATO

SUBJECT: BURDENSARING; ECONOMIC DIRECTORATE'S ALLIED MILITARY  
PROCUREMENT ACCOUNTING MECHANISM

REF: STATE 173344

SUMMARY: IN DISCUSSION WITH NATO ECONOMIC DIRECTOR BILLY REGARDING POSSIBILITY OF HIS SENDING NOTE REMINDING ALLIED DELS OF DESIRABILITY OF THEIR GOVERNMENTS CONTINUING COLLECT DATA ON NATION BASIS REGARDING THEIR RESPECTIVE MILITARY-RELATED PURCHASES FROM U.S. (REF), HE POINTED OUT THAT MAY 5, 1975 NAC CONSENSUS ON FINAL REPORT CM875)18 STOPPED SHORT OF SUPPORTING FURTHER INITIATIVE ON MATTER BY ECONOMIC DIRECTORATE AT THIS STAGE PENDING POSSIBLE REOPENING OF OVERALL QUESTION IN NACE. HOWEVER, BILLY BELIEVES THAT MAKINGS OF CONSENSUS ON ALLIED INDIVIDUAL DATA COLLECTION--ON CONTINGENCY BASIS-- ARE PRESENT AND THAT THIS COULD MOST EASILY BE ACHIEVED IF U.S. REP IN ECONOMIC COMMITTEE WERE TO MAKE SUCH A SUGGESTION. BILLY AS CHAIRMAN WOULD COOPERATE. WE BELIEVE THIS APPROACH COULD BE EFFECTIVE FIRST STEP AND WOULD PROVIDE INTERIM IMPULSE EQUIVALENT TO BILLY NOTE. ACCORDINGLY, WE PROPOSE RAISE MATTER AT SEPTEMBER 4 ECONADS MEETING. REQUEST WASHINGTON VIEWS. END SUMMARY.

1. MISSION OFFICERS DISCUSSED WITH JACQUES BILLY, NATO  
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ECONOMIC DIRECTOR, WASHINGTON'S UNDERSTANDING (REF) THAT HE WAS PREPARED TO SEND NOTE TO ALL ALLIED DELS REMINDING THEM OF NEED FOR ALLIES TO CONTINUE COLLECTING DATA ON NATIONAL BASIS REGARDING THEIR RESPECTIVE MILITARY-RELATED PURCHASES FROM U.S.

2. IN COURSE OF CONVERSATION, BILLY WISHED TO CORRECT IMPRESSION HE EVIDENTLY LEFT IN WASHINGTON THAT NAC HAD REACHED CONSENSUS, AS OUTLINED REFTEL, WHEREBY "ALLIEDS WOULD CONTINUE KEEPING TRACK OF SUCH PURCHASES, BUT DELEGATIONS WOULD NOT FORWARD DATA TO ECONOMIC DIRECTORATE UNLESS AND UNTIL NAC SO DIRECTED IN CONNECTION WITH SPECIAL NEED FOR DATA".

3. BILLY RECALLED THAT OTHER ALLIED REPS ON AD HOC GROUP, PRIOR TO SENDING TO NAC THEIR FINAL REPORT ON FINANCIAL PROBLEMS ARISING FROM STATIONING OF U.S. FORCES IN EUROPE CM(75)18, HAD INDICATED THEIR GOVERNMENTS' GENERAL WILLINGNESS TO CONTINUE RESPECTIVE INTERNAL NATIONAL DATA COLLECTION EFFORTS. SUBSEQUENTLY, IN NAC CONSIDERATION OF FINAL REPORT, AMBASSADOR BRUCE RECOMMENDED THAT ALLIANCE MAINTAIN VALUABLE MILITARY PROCUREMENT ACCOUNTING PROCEDURE SET UP AT NATO AFTER CONSIDERABLE EFFORT AND THAT ALLIES CONTINUE DATA COLLECTION EXERCISE AT NATO FOR ONE MORE YEAR AGAINST POSSIBILITY THAT THIS INFORMATION MIGHT AGAIN BE USEFUL TO COUNTER CRITICISM IN U.S. CONGRESS AND PUBLIC REGARDING COST OF STATIONING U.S. TROOPS IN EUROPE. HOWEVER, OTHER ALLIED PERMREPS DID NOT AGREE ON NEED FOR FURTHER ACTION AT THAT POINT, WITH RESULT THAT NAC NOTED REPORT BUT (AT SUGGESTION OF BELGIAN AMBASSADOR DE STAERCKE) DEFERRED DECISION ON ANY FURTHER ACTION, AGREEING TO RETURN TO OVERALL QUESTION ONCE PRESIDENT FORD HAD MADE HIS REPORT TO CONGRESS ON SUBJECT AND CONGRESS HAD REACTED (SEE NAC RECORD, C-R(75)21). IDEA THAT ALLIES IN ANY EVENT WOULD CONTINUE COLLECTING DATA ON INDIVIDUAL NATIONAL BASIS, PENDING FURTHER DEVELOPMENTS, DID NOT FIGURE IN NAC CONSENSUS ON MATTER.

4. IN LIGHT OF ABOVE, BILLY CONCLUDES THAT ECONOMIC DIRECTORATE HAS NOT RPT NOT AS YET RECEIVED NAC MANDATE TO PURSUE MATTER FURTHER AND TAKE INITIATIVE OF ITS OWN (I.E., NOTE DESCRIBED REFTEL). AS ALTERNATIVE, HOWEVER, HE SUGGESTED THAT U.S. REP IN ECONOMIC COMMITTEE MIGHT WELL PROPOSE THAT ALLIES CONTINUE MAINTAINING THEIR OWN DATA COLLECTION ON CONTINGENCY BASIS; HE AS CHAIRMAN IN TURN WOULD RECALL GENERAL READINESS TO DO SO AS CONFIDENTIAL

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EXPRESSED AT CONCLUSION OF EARLIER EXERCISE BY OTHER ALLIED REPS ON AD HOC GROUP. HE BELIEVES THIS WOULD ACHIEVE DESIRED RESULT.

5. RECOMMENDATION: WE BELIEVE ABOVE ALTERNATIVE SUGGESTION BY BILLY HAS MERIT. WE THEREFORE PROPOSE THAT AT SEPTEMBER 4 MEETING OF ECONADS (WHEN COMMITTEE RECONVENES AFTER AUGUST BREAK), U.S. REP PROPOSE UNDER "OTHER BUSINESS) THAT ALLIES CONTINUE MAINTAINING RESPECTIVE NATIONAL DATA COLLECTION EFFORTS ON CONTINGENCY BASIS. WITH RESPECT TO CONGRESSIONAL REACTION AWAITED BY NAC AS JUSTIFICATION FOR POSSIBLE FURTHER ACTION, WE COULD DRAW PRELIMINARY ALLIED ATTENTION IN ECONADS TO REMARKS OF SENATORS MANSFIELD AND NUNN IN JUNE 27, 1975 CONGRESSIONAL RECORD (S11858-59-60), WITH RESPECT TO U.S.-FRG

OFFSET AGREEMENT AND JACKSON NUNN AMENDMENT. THESE STATEMENTS REPRESENT SIGNIFICANT POST-JACKSON-NUNN EXPRESSION OF ABIDING SENTIMENTS ON PART KEY CONGRESSIONAL FIGURES ON SUBJECT ---ALL THE MORE REASON FOR ALLIED COUNTRIES TO MAINTAIN RELEVANT, UP-TO-DATE INFORMATION READY AT HAND NATIONALLY SO THAT CAPABILITY CONTINUES TO EXIST FOR RAPID COMPILATION AT NATO OF KIND OF OVERALL DATA COLLECTED ON 1974 MILITARY-RELATED PURCHASES IN UMS. AS ULTIMATELY PUBLISHED IN C-M(75)18, SHOULD CIRCUMSTANCES REQUIRE US TO HEAD OFF A NEW JACKSON-NUNN AMENDMENT OR TO REPEAT THE EXERCISE.

6. FOREGOING COURSE OF ACTION IN ECONOMIC COMMITTEE, AS FIRST STEP, WOULD REITERATE WELL-KNOWN U.S. CONCERNS AND ENCOURAGE INDIVIDUAL ALLIED RECORD-KEEPING WITHOUT OUR HAVING TO REOPEN QUESTION FORMALLY IN NAC FOR TIME BEING--IF AS ANTICIPATED BY BILLY, GENERALLY EXPRESSED ALLIED WILLINGNESS TO COMPLY IS THE OUTCOME. IF, ON THE OTHER HAND, WE ENCOUNTER SIGNIFICANT ALLIED INDIFFERENCE OR OPPOSITION ON THIS POINT IN ECONOMIC COMMITTEE, THIS WOULD BE FACTOR IN OUR CONSIDERING WHETHER--AND WHEN--TO REOPEN QUESTION IN NAC. REQUEST WASHINGTON'S COMMENTS AND GUIDANCE.

STREATOR

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